



CANCER PREVENTION &
RESEARCH INSTITUTE OF TEXAS

**REQUEST FOR
APPLICATIONS**
RFA C-12-FORM-1

Company Formation Awards

2011–2012

Fiscal Year Award Period
September 1, 2011–August 31, 2012

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RFA VERSION HISTORY

- Rev 1/14/11 RFA release
- Rev 2/4/11 Revised/added Section 9.1, Overview
- Clarified description of the three-step review process; namely, commercialization review, scientific review, and due diligence review
- Revised Section 9.2, Commercialization Review Criteria, and Section 9.3, Scientific Review Criteria
- Revised Section 10.3.10, Research Plan
- Clarified description of the research plan

ARCHIVE

1. KEY POINTS

This award mechanism is governed by the following restrictions:

- Company applicants must be early-stage start-up companies with no previous round of professional institutional investment.
- Recipient companies must commit to the following: Headquarters and registration in Texas; the majority of staff, including C-level executives, relocated to or hired from within Texas; and use of Texas-based subcontractors and suppliers unless adequate justification is provided for the use of out-of-State entities.
- Of the total program budget, the Cancer Prevention and Research Institute of Texas (CPRIT) will contribute \$2.00 for every \$1.00 contributed, in matching funds, by the Company. The demonstration of available matching funds must be made at the time the award contract is executed, not necessarily when the application is submitted.
- Funding will be tranced and will be tied to the achievement of contract-specified milestones.
- Funding award contracts will include a revenue-sharing agreement and will require CPRIT to have input on any future patents, agreements, or other financial arrangements related to the products, services, or infrastructure supported by the CPRIT investment. These contract provisions are specified in CPRIT's administrative rules, which are available at www.cprit.state.tx.us.

2. ABOUT CPRIT

The State of Texas has established CPRIT; CPRIT may issue \$3 billion in general obligation bonds over 10 years to fund grants for cancer research and prevention.

CPRIT is charged by the Texas Legislature to:

- Create and expedite innovation in the area of cancer research, thereby enhancing the potential for a medical or scientific breakthrough in the prevention of cancer and cures for cancer
- Attract, create, or expand research capabilities of public or private institutions of higher education and other public or private entities that will promote a substantial increase in cancer research and in the creation of high-quality new jobs in this State

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- Continue to develop and implement the Texas Cancer Plan by promoting the development and coordination of effective and efficient statewide public and private policies, programs, and services related to cancer and by encouraging cooperative, comprehensive, and complementary planning among the public, private, and volunteer sectors involved in cancer prevention, detection, treatment, and research

3. EXECUTIVE SUMMARY

CPRIT will foster the creation of high-quality new jobs in Texas by providing financial support for a wide variety of projects relevant to cancer. The award mechanism described in this Request for Applications (RFA) is designed to support the formation of oncology-focused companies in Texas. CPRIT expects outcomes of supported activities to directly and indirectly benefit subsequent cancer research efforts, cancer public health policy, or the continuum of cancer care—from prevention to treatment and cure. To fulfill this vision, applications may address any product development topic or issue related to cancer biology, causation, prevention, detection or screening, treatment, or cure. The overall goal of this award program is to improve outcomes of patients with cancer by increasing the availability of FDA-approved therapeutic interventions with a primary focus on Texas-centric programs.

4. MECHANISM OF SUPPORT

The goal of the Company Formation Awards is to finance the development of innovative products, services, and infrastructure with significant potential impact on patient care. These investments will assist early-stage start-up companies by providing the opportunity to further the development of new products for the diagnosis, treatment, or prevention of cancer, to establish infrastructure that is critical to the development of a robust industry, or to fill a treatment or research gap. This award mechanism will support companies that intend to undertake product research and development in Texas with a majority of Texas-based employees. In determining eligibility for this award, CPRIT will evaluate whether applicants have a significant presence in Texas or are willing to relocate to Texas.

Applicants should note that this award mechanism is NOT open continuously. Two application receipt windows will be open per fiscal year.

5. OBJECTIVES

The State of Texas seeks to attract industry partners in the field of cancer care to advance economic development and cancer care efforts in the State. The goal of this award mechanism is to support the formation and establishment of new start-up companies in Texas that will develop products to significantly impact cancer care. These companies must be Texas based or be willing to relocate to and remain in Texas for a specified period upon funding. Eligible products or services include—but are not limited to—therapeutics (e.g., small molecules and biologics), diagnostics, devices, and potential breakthrough technologies, including software and research discovery techniques. Eligible stages of development include translational research, proof-of-concept studies, preclinical studies, and Phase I or Phase II clinical trials. By exception, Phase III clinical trials and later stage commercialization projects will be considered where circumstances warrant CPRIT investment.

6. FUNDING INFORMATION

This is a 3-year funding program with an opportunity for renewal after the term expires. Financial support will be awarded based upon the breadth and nature of the development program proposed. While requested funds must be well justified, there is no limit on the amount that may be requested. Funding will be milestone driven.

Funds may be used for salary and fringe benefits, research supplies, equipment, clinical trial expenses, intellectual property protection, external consultants and service providers, and other appropriate development costs, subject to certain limitations set forth by Texas State law. If a company is working on multiple projects, care should be taken to ensure that CPRIT funds are used to support activities directly related to the specific project being funded. Requests for funds to support construction and/or renovation may be considered under compelling circumstances for projects that require facilities that do not already exist in the State of Texas. Texas State law limits the amount of awarded funds that may be spent on indirect costs to no more than 5 percent of the total award amount (5.263 percent of the direct costs).

Consistent with statutory mandate, of the total program budget, CPRIT will contribute \$2.00 for every \$1.00 contributed, in matching funds, by the Company. The demonstration of available matching funds must be made at the time the award contract is executed, not necessarily when the application is submitted. The commitment can be made on a year-by-year basis. Funding

from other sources brought by the newly formed company may also be counted toward the amount necessary for the matching commitment.

7. KEY DATES

RFA release	January 14, 2011
Online application opens	February 15, 2011, 7 a.m., central time
Applications due	March 15, 2011, 3 p.m., central time
Application review	March 2011–September 2011
Invitations to present sent	April 29, 2011
Feedback sent if not invited	April 29, 2011
Presentations*	May 23, 2011–May 24, 2011
Notified if referred scientific review	June 3, 2011
Feedback sent if not referred	June 3, 2011
Notified if referred to due diligence	by July 15, 2011
Feedback sent if not referred	by July 15, 2011
Award notification	October 2011
Anticipated start date	January 2012

* All applicants who wish to be considered are requested to reserve these presentation dates until notified.

8. ELIGIBILITY

- Early-stage start-up companies are eligible. Such companies may have received seed funding from family, friends, and/or angel investors. However, only applicants with no previous round of professional institutional investment are eligible. The inclusion of a complete and detailed capitalization table is required for assessment of eligibility.
- Recipient companies must commit to the following: Headquarters and registration in Texas; the majority of staff, including C-level executives, relocated to or hired from within Texas; and use of Texas-based subcontractors and suppliers unless adequate justification is provided for the use of out-of-State entities. To the extent that Texas-based subcontractors or collaborators are not available, non-Texas-based collaborators and subcontractors may be used. However, non-Texas-based collaborators and subcontractors are not eligible to receive funds from CPRIT unless exceptional circumstances are demonstrated and approved by CPRIT.
- An applicant may submit only one application under this RFA during this funding cycle.
- An applicant may resubmit a revised application that was previously not funded (see Section 10). Those applying for the first time in FY 2012 cycle 1 or later, if not funded, will be limited to a single resubmission. Those who submitted applications in both FY 2010 and FY 2011, if not funded, may apply one more time.
- CPRIT grants will be awarded by contract to successful applicants. Certain contractual requirements are mandated by Texas law or by administrative rules. Although applicants need not demonstrate the ability to comply with these contractual requirements at the time the application is submitted, applicants should make themselves aware of these standards before submitting an application. Significant issues addressed by the CPRIT contract are listed in Section 11. All statutory provisions and relevant administrative rules can be found at www.cprit.state.tx.us.

9. APPLICATION REVIEW

9.1. Overview

Applications will be assessed based on evaluation of the quality of the company and the potential for continued product development. CPRIT will require the submission of a detailed business plan and a comprehensive research plan (see Sections 10.3.9 and 10.3.10, respectively). The business and research plans will be reviewed by CPRIT's Commercialization Review Council (CRC) and also by a scientific research committee for commercial viability, product feasibility, scientific merit, and therapeutic impact. When preparing each plan, applicants are advised to avoid redundancy by clearly and succinctly cross-referencing information presented in these sections.

Funding decisions depend on a three-step review process.

- 1. Commercialization Review:** All eligible applications will be evaluated by the CRC. Members of the CRC have extensive experience with the business and entrepreneurial aspects of the pharmaceutical and biotechnology industries. These individuals are also qualified to evaluate the scientific components of the application.
- 2. Scientific Review:** A subset of applications that passes commercialization review will be referred for an independent and extensive scientific review, which is considered the first aspect of the due diligence review process. Scientific reviewers with the appropriate expertise will be chosen from a large pool of leading experts in the field. The research plan submitted must be of sufficient depth and quality to pass rigorous scrutiny by this highly qualified group. To the extent possible, the research plan should be driven by data.
- 3. Due Diligence Review:** A subset of applications that passes scientific review will be referred for additional in-depth due diligence, including—but not limited to—intellectual property, management, regulatory, manufacturing, and market assessments.

Each application review is conducted confidentially, and all council and committee members are required to sign nondisclosure statements regarding the contents of the applications. All members will operate under strict conflict of interest prohibitions. Under no circumstances should personnel from an applicant organization initiate contact with any member involved in the review process (with the exception of CPRIT staff) regarding the status or substance of the

application. Violations of this prohibition will result in the administrative withdrawal of the application.

9.2. Commercialization Review Criteria

Commercialization review of applications will be based on the following criteria.

9.2.1. Primary Criteria

Product: Is there demonstrated proof of relevance, and does the product fulfill a clear, unmet medical or infrastructure need? Has work been conducted that supports the advancement of the proposed product, service, or technology? Can the product be produced or manufactured in a commercially viable fashion? Is there an appropriate basis for a reimbursement strategy?

Market Plan: Is there a realistic assessment of the market size and expected penetration? Has management adequately assessed potential competitors and described how the company's offering will successfully compete with them?

Development Plan and/or Regulatory Path: Is the development plan and/or regulatory path well characterized and appropriate? Is the plan milestone driven, and does it address both a positive and a negative outcome? Does the budget appropriately support the plan?

Management and Staffing: Does the applicant have a clear strategy to recruit the appropriate level of management experience to execute the stated strategy? Would the proposed team have the needed experience or access to experienced external assistance, facilities, and resources to accomplish all aspects of the proposed plan?

9.2.2. Secondary Criteria

Budget and Duration of Support: Are the budget and duration appropriate for the proposed work? Will the amount requested enable the applicant to reach appropriate milestones? Is the use of the funds requested in line with the stated objectives of the applicant and CPRIT? Is it clear how funds will be used? Does the proposed investment fund the development of the proposed product, service, or technology to a point where, if the results are positive, it is likely that the project will be able to attract further financial support outside of CPRIT?

9.3. Scientific Review Criteria

9.3.1. Primary Criteria

Primary criteria will evaluate the scientific merit of the work proposed in the application. Concerns regarding any of these criteria potentially indicate a major flaw in the significance and/or design of the proposed work. The primary criteria are as follows:

Significance and Impact: Will the outcomes of this CPRIT-funded work result in the development of innovative products with significant commercialization potential? Will the outcome substantially impact the diagnosis, treatment, or prevention of cancer?

Research Plan: Is the proposed product, service, and/or infrastructure based on a feasible research framework, hypothesis, and/or goal? Are the methods appropriate, and are potential developmental obstacles and unexpected outcomes discussed?

Management and Staffing: Does the applicant have a clear strategy to recruit the appropriate level of management and scientific experience to execute the stated strategy? Would the proposed team have the needed experience or access to experienced external assistance, facilities, and resources to accomplish all aspects of the proposed plan? Are the levels of effort of the key personnel appropriate?

Commercial Potential: Does the product fulfill a clear, unmet medical or infrastructure need? Has work been conducted that supports the advancement of the proposed product, service, or technology?

Relevance: Will the proposed investment have either a direct or indirect impact on improving outcomes for patients with cancer?

9.3.2. Secondary Criteria

Secondary criteria contribute to the overall evaluation of the application. Concerns regarding these criteria potentially question the feasibility of the proposed research. The secondary criteria are as follows:

Environment: Does the team have the needed facilities and resources to develop the proposed product, service, or infrastructure?

Budget and Duration of Support: Are the budget and duration appropriate for the proposed work? Will the amount requested enable the applicant to reach appropriate milestones? Is the use of the funds requested in line with the stated objectives of the applicant and CPRIT? Is it clear how funds will be used? Does the proposed investment fund the development of the proposed product, service, or technology to a point where, if the results are positive, it is likely that the project will be able to attract further financial support outside of CPRIT?

10. SUBMISSION GUIDELINES

Carefully review all instructions in this section before submitting your application. Applications that are missing one or more components, exceed the specified page or word limits, or do not meet the eligibility requirements listed above will be administratively rejected without review.

Those applying for the first time in FY 2012 cycle 1 or later, if not funded, will be limited to a single resubmission. Those who submitted applications in both FY 2010 and FY 2011, if not funded, may apply one more time. Applicants who choose to resubmit should carefully consider the reasons for lack of prior success. Applications that received overall numerical scores of 5 or higher are likely to need considerable attention. All resubmitted applications should be carefully reconstructed; a simple revision of the prior project with editorial or technical changes is not sufficient, and applicants are advised not to direct reviewers to such modest changes. A one-page summary of the approach to the resubmission should be included (see Section 10.3.5). Resubmitted applications will be assigned to reviewers who did not review the original submission (or the first resubmission, if applicable). Reviewers of resubmissions are asked to assess whether the resubmission adequately addresses critiques from the previous review. Applicants should note that addressing previous critiques is advisable; however, it does not guarantee the success of the resubmission. All resubmission applications must conform to the structure and guidelines outlined in this RFA.

10.1. Online Submission

Applications will be accepted beginning at 7 a.m., central time, on February 15, 2011, and must be submitted via the CPRIT Application Receipt System (<https://CPRITGrants.org>). **Only applications submitted at this portal will be considered eligible for evaluation.** Submission of an application is considered an acceptance of the terms and conditions of the RFA.

10.2. Application Submission Deadline

All applications must be submitted by 3 p.m., central time, on March 15, 2011. Applicants should note that this award mechanism is NOT open continuously. Two application receipt windows will be open per fiscal year.

10.3. Application Components

10.3.1. Commercialization Review Fee

All applicants must submit a fee of \$1,000 for commercialization review. Payment should be made by check or money order payable to CPRIT; the application ID and the name of the submitter must be indicated on the payment. All payments must be postmarked by the application submission deadline and mailed to:

Cancer Prevention and Research Institute of Texas
P.O. Box 12097
Austin, TX 78711

10.3.2. Contact Information

Provide all required company identification information.

10.3.3. Significance Statement (2,500 characters)

Describe specifically how the formation of your company in Texas would support CPRIT's mission (see Section 2). Would the company fill a needed gap? Would it synergize with Texas-based resources? Describe the overall goals of your company, the type(s) of cancer addressed, the potential significance of the results, and the impact of the work on advancing the fields of diagnosis, treatment, or prevention of cancer. Clearly address how the company's work, if successful, will have a major impact on the care of patients with cancer.

10.3.4. Layperson’s Summary (1,500 characters)

Provide an abbreviated summary of the significance statement for a lay audience, using clear, nontechnical terms. The information provided in this summary will be made publicly available by CPRIT, particularly if the application is recommended for funding. Applicants are advised not to include information that they consider confidential or proprietary when preparing this section.

10.3.5. Resubmission Summary (1 page)

If this is a resubmission, upload a summary of the approach, including a summary of the applicant’s response to previous feedback. If this is not a resubmission, upload a PDF document stating “Not applicable.”

10.3.6. Organizational Commitment (2 pages)

Describe the organizational commitment of the company to the State of Texas. This information should be supplied in the form of a letter signed by the company’s president, vice president, chief executive officer, or appropriate senior manager.

10.3.7. Scope of Work and Milestones (1 page)

Outline the specific goals of your company. Provide an outline of anticipated major milestones to be tracked. Timelines will be reviewed for reasonableness, and adherence to timelines will be a criterion for continued support of successful applications. If the application is approved for funding, this section will be included in the award contract.

10.3.8. Executive Summary (3 pages) and Slide Presentation (25 pages)

Provide an executive summary that clearly explains the product, service, technology, or infrastructure proposed; competition; market need and size; development or implementation plans; regulatory path; reimbursement strategy; and funding needs. Applicants must clearly describe the existing or proposed company infrastructure and the number and roles of employees who are based in Texas or who would relocate to Texas for this endeavor. Also, provide a slide presentation summarizing the application. The presentation should be submitted in PDF format, one slide per page, and should be appended to the executive summary. The executive summary and slide presentation should be a single document of up to 28 pages.

10.3.9. Business Plan (25 pages)

For the development of product(s) for which CPRIT support is requested, provide a business plan that includes a description of (i) the business objective(s), (ii) the product(s) and market(s), (iii) milestones and anticipated cost for each, (iv) intellectual property and status, (v) financial projections, (vi) regulatory plan(s), (vii) risk analysis, (viii) the founders, management team, and key professionals, (ix) resources required (both product development and relocation expenses), and (x) an appendix of supporting documents. **Note that applicants will be evaluated based not only on the current status of the components of the business plan but also on whether current weaknesses and gaps are acknowledged and whether plans to address them are outlined.**

10.3.10. Research Plan (10 pages)

The research plan should include the following:

Background: Present the rationale behind the proposed project, emphasizing the pressing problem in cancer research that will be addressed.

Hypothesis and Specific Aims: Concisely state the hypothesis and/or specific aims to be tested or addressed by the research described in the application.

Research Strategy and Preliminary Data: Describe the experimental design, including methods, anticipated results, potential problems or pitfalls, and alternative approaches. Summarize relevant results obtained thus far.

Human Studies: If human subjects or human biological samples will be used, provide a plan for recruitment of subjects or acquisition of samples that will meet the time constraints of this mechanism.

Note: Because the business and the research plans will be evaluated by the CRC and the scientific review committee, applicants are advised to avoid redundancy by clearly and succinctly cross-referencing information presented in these sections.

10.3.11. Budget and Justification

Provide a compelling justification of the budget for the entire proposed period of support, including salaries and benefits, supplies, equipment, patient care costs, animal care costs, and other expenses. The budget must be aligned with the proposed milestones. In preparing the requested budget, applicants should be aware of the following:

- Equipment having a useful life of more than 1 year and an acquisition cost of \$5,000 or more per unit must be specifically approved by CPRIT. An applicant does not need to seek this approval prior to submitting the application.
- Texas State law limits the amount of grant funds that may be spent on indirect costs to no more than 5 percent of the total award amount (5.263 percent of the direct costs). Guidance regarding indirect cost recovery can be found in CPRIT's administrative rules, which are available at www.cprit.state.tx.us.
- The annual salary that an individual may receive under a CPRIT award for FY 2012 is \$200,000. In other words, an individual may request salary proportional to the percentage effort up to a maximum of \$200,000. Salary does not include fringe benefits. CPRIT FY 2012 is from September 1, 2011, through August 31, 2012.

10.3.12. Current and Pending Support

Describe all funding sources, including a complete and detailed capitalization table, which should include all parties who have investments, stock, or rights in the company.

10.3.13. Company Profile (1 page)

Provide a brief descriptive biography of the company and the scope and goals of the proposed product development infrastructure.

10.3.14. Biosketches (2 pages each)

Applicants should provide a biosketch for each member of the senior management and scientific team that describes his or her present title and position, prior industry experience (titles and dates), education (degrees, dates, and universities), and any other information considered essential for evaluation of qualifications. Each biosketch must not exceed two pages.

10.3.15. Organizational/Collaborator Support and/or Other Certification (5 pages)

Applicants may provide letters of organizational support, collaborator support, and/or other certification documentation relevant to the proposed project. A maximum of five pages may be provided. Alternatively, upload a one-page document stating “Not applicable.”

10.3.16. References

Provide a concise and relevant list of publications/references cited in the application.

11. AWARD ADMINISTRATION

Texas law requires that CPRIT research awards be made by contract between the applicant and CPRIT. Texas law specifies several components that must be addressed by the award contract, including needed compliance and assurance documentation, budgetary review, terms relating to intellectual property rights and revenue sharing, and conduct of the work funded by CPRIT in Texas with Texas-based employees. The contract will include mandatory reimbursement terms and conditions should the recipient relocate outside of the State during the term of the award contract or within 3 years after the final payment is made by CPRIT. As mandated by State law, indirect costs are limited to a maximum of 5 percent of the total award. These contract provisions are specified in CPRIT’s administrative rules, which are available at www.cprit.state.tx.us.

Project Economics Sharing: Recipients should also be aware that the funding award contract will include a revenue-sharing agreement and will require CPRIT to have input on any future patents, agreements, or other financial arrangements related to the products, services, or infrastructure supported by the CPRIT investment. These contract provisions are specified in CPRIT’s administrative rules, which are available at www.cprit.state.tx.us.

All CPRIT awards made under this RFA are not transferable.

CPRIT requires award recipients to submit a semiannual progress report. These reports summarize the progress made toward product development goals and address plans for the upcoming year. In addition, CPRIT will retain the right to appoint an observer to the Board of Directors. Continuation of funding is contingent upon the achievement of product development milestones. Forms and instructions will be made available at www.cprit.state.tx.us.

12. REQUIREMENT TO DEMONSTRATE AVAILABLE FUNDS

Texas State law requires the CPRIT award recipient organization to demonstrate that it has \$1.00 in matching funds for every \$2.00 from CPRIT. Matching funds need not be in hand when the application is submitted. However, matching funds must be obtained before CPRIT funds will be released for use.

13. CONTACT INFORMATION

13.1. HelpDesk

HelpDesk support is available for questions regarding online submission of applications. Queries submitted via email will be answered within 1 business day. HelpDesk staff is not in a position to answer questions regarding scientific aspects of applications.

Dates of Operation: January 14, 2011 to March 15, 2011

Hours of Operation: Monday through Friday, 8 a.m. to 5 p.m., central time

Tel: 866-941-7146

Email: ResearchHelp@CPRITGrants.org

13.2. Commercialization Programmatic Questions

Questions regarding the CPRIT program, including questions regarding this or other funding opportunities, should be directed to the CPRIT Commercialization Review Office:

Tel: 512-305-8484

Email: ResearchHelp@CPRITGrants.org

Web: www.cprit.state.tx.us